BRIDGEWAY HEALTH SOLUTIONS OF ARIZONA, LLC

FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

Year Ended September 30, 2007

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

BRIDGEWAY HEALTH SOLUTIONS OF ARIZONA, LLC

We have audited the accompanying balance sheet of ***Bridgeway Health Solutions of Arizona, LLC*** at September 30, 2007, and the related statements of operations, member's equity and cash flows for the year then ended. These financial statements are the responsibility of the management of ***Bridgeway Health Solutions of Arizona, LLC***. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ***Bridgeway Health Solutions of Arizona, LLC*** at September 30, 2007, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying additional information (Schedules 1, 2, 3, 4, 5, 6 and 7) are presented for purposes of additional analysis and are not required parts of the basic financial statements. The information in Schedules 1 through 7 has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole.

Mayer Hoffman McCann P.C.

Phoenix, Arizona
January 25, 2008

BRIDGEWAY HEALTH SOLUTIONS OF ARIZONA, LLC

BALANCE SHEET

September 30, 2007

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 13,000,000
Receivables:	
Capitation	362,114
Reinsurance claims	2,090,948
Interest	38,293
Other	10,840
Income tax receivable	4,735
Prepaid expenses	27,319
Deferred income tax asset	567,937
TOTAL CURRENT ASSETS	16,102,186
PROPERTY AND EQUIPMENT, net	313,174
DEPOSITS	9,500
DEFERRED INCOME TAX ASSET	3,074
TOTAL ASSETS	$ 16,427,934

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES	
Payable to providers	$ 9,135,526
Payable to Arizona Health Care Cost Containment System	176,342
Accounts payable and accrued expenses	837,890
Due to affiliated companies	945,434
Federal income tax payable	489,827
TOTAL CURRENT LIABILITIES	11,585,019
MEMBER'S EQUITY	4,842,915
TOTAL LIABILITIES AND MEMBER'S EQUITY	$ 16,427,934

See Notes to Financial Statements

BRIDGEWAY HEALTH SOLUTIONS OF ARIZONA, LLC

STATEMENT OF OPERATIONS

Year Ended September 30, 2007

REVENUES	
Capitation	$ 42,728,903
Reinsurance claims	2,337,685
Interest income	623,214
Other	7,740
TOTAL REVENUES	45,697,542
EXPENSES	
Medical	39,393,130
General and administrative	5,009,769
TOTAL EXPENSES	44,402,899
NET INCOME BEFORE TAXES	1,294,643
PROVISION FOR PREMIUM TAXES	855,797
PROVISION FOR INCOME TAXES	151,841
NET INCOME	$ 287,005

See Notes to Financial Statements

BRIDGEWAY HEALTH SOLUTIONS OF ARIZONA, LLC

STATEMENT OF CASH FLOWS

Year Ended September 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 287,005
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	78,882
Changes in operating assets and liabilities:	
Decrease (increase) in:	
Capitation receivable	(362,114)
Reinsurance claims receivable	(2,090,948)
Interest receivable	(8,409)
Other receivables	(10,840)
Prepaid expenses	(22,708)
Income tax receivable	233,025
Deferred income tax asset	(571,011)
Increase (decrease) in:	
Payable to providers	9,135,526
Payable to Arizona Health Care Cost Containment System	176,342
Accounts payable and accrued expenses	726,696
Due to affiliated companies	213,339
Federal income tax payable	489,827
Net cash provided by operating activities	8,274,612
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of short-term investments	2,400,000
Purchase of property and equipment	(189,696)
Net cash provided by investing activities	2,210,304
NET CHANGE IN CASH AND CASH EQUIVALENTS	10,484,916
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,515,084
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 13,000,000
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Income taxes paid	$ -

See Notes to Financial Statements

(1) **Organization operations and summary of significant accounting policies**

Nature of operations - Effective May 16, 2006, ***Bridgeway Health Solutions of Arizona, LLC*** ("Bridgeway" or the "Company"), was incorporated in the State of Arizona. Located in Tempe, Arizona, Bridgeway is a licensed managed care organization and is wholly owned by CenCorp Health Solutions, a subsidiary of Centene Corporation ("Centene"). Bridgeway was initially funded through a $5.0 million capital contribution from CenCorp Health Solutions which was funded through a capital contribution from Centene.

In 2006, Bridgeway was awarded a contract (the "Contract") with the Arizona Health Care Cost Containment System (AHCCCS) which commenced October 1, 2006 and expires September 30, 2009. In accordance with the Contract, Bridgeway has been designated as a Program Contractor for Maricopa, Yuma, and LaPaz Counties. Bridgeway is responsible for managing and maintaining an organized, comprehensive managed care system for the benefit of enrolled, eligible members within its geographic service area under AHCCCS' Arizona Long-Term Care System (ALTCS) program. The ALTCS program provides inpatient and outpatient medical and nursing services in addition to managed institutional and home- and community-based long-term care services to eligible enrollees of the ALTCS program. Substantially all of Bridgeway's revenues are from its contract with AHCCCS.

Bridgeway functions as a health management organization and, except for member services functions and limited utilization management functions, does not provide direct healthcare services to eligible members. Direct healthcare services are provided to eligible members by a network of subcontracted providers.

The significant accounting policies followed by Bridgeway are as follows:

Management's use of estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and cash equivalents - Cash includes cash deposits in banks and cash equivalents. Bridgeway considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Accounts at each institution are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC). At September 30, 2007, cash and cash equivalents consisted entirely of commercial paper.

Capitation receipts - Bridgeway receives from AHCCCS fixed capitation payments, generally in advance, based on certain rates for each AHCCCS member enrolled with Bridgeway. Bridgeway is required to provide all covered health care services to their members, regardless of the cost of care. If there are funds remaining, Bridgeway retains the funds as profit; if the costs are higher than the amount of capitation payments from AHCCCS, Bridgeway absorbs the loss. Bridgeway may recover certain losses for those cases eligible for reinsurance payments. Capitation premiums are recognized in accordance with Bridgeway's contract with AHCCCS.

Capitation receivables are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to capitation receivables. Capitation receivables at September 30, 2007 are considered by management to be fully collectible and, accordingly, an allowance for doubtful accounts has not been provided.

(1) **Organization operations and summary of significant accounting policies (continued)**

At September 30, 2007, Bridgeway has 1,420 members making the Organization eligible to participate in an administrative expense reconciliation with AHCCCS. As a result of the reconciliation, Bridgeway recorded capitation revenue and a receivable of $289,480, in the accompanying balance sheet.

Capitation payments from AHCCCS include additional amounts related to the Human Immunodeficiency Virus (HIV) supplemental payment. The HIV supplemental payment is paid to Bridgeway by AHCCCS to help offset the significant pharmaceutical expense the plan incurs for members with the virus. At September 30, 2007, Bridgeway has recorded a $4,207 receivable from AHCCCS representing supplemental payments due for AHCCCS members afflicted with HIV/AIDS.

Reinsurance receipts - AHCCCS provides a stop-loss reinsurance program for Bridgeway for partial reimbursement of reinsurable covered medical services incurred for members with acute medical conditions. The program includes a deductible, which varies based on Bridgeway's enrollment and the eligibility category of the members. AHCCCS reimburses Bridgeway based on a coinsurance amount for reinsurable covered services incurred above the deductible.

The reinsurance program includes reinsurance reimbursement for covered organ transplantation. The reinsurance program also includes a special catastrophic reinsurance program, which covers conditions such as certain brain injuries, high cost behavioral health and certain blood related disorders. There is no deductible for catastrophic reinsurance cases and AHCCCS reimburses Bridgeway at a percentage of Bridgeway's paid amount, less the coinsurance amount, unless the costs are paid under a subcapitated arrangement. AHCCCS pays 85% (75% for traumatic brain injuries) of Bridgeway's paid amount up to $650,000 and 100% thereafter for catastrophic reinsurance. Regular reinsurance provides partial reimbursement of reinsurance eligible covered services and AHCCCS will reimburse 75% of eligible costs above a certain deductible level. The deductible is the responsibility of the program contractor. For transplants, payment is limited to 85% of the AHCCCS contract amount for the transplant services rendered or 85% of Bridgeway's paid amount, whichever is lower.

Reinsurance claims receivable result from additional payments due from the AHCCCS Administration to Bridgeway for certain enrollees whose qualifying medical expenses paid by Bridgeway during the year ended September 30, 2007, were in excess of specified deductible limits. Reinsurance claims receivables are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to reinsurance claims receivable. Reinsurance claims receivable at September 30, 2007 are considered by management to be fully collectible and, accordingly, an allowance for doubtful accounts has not been provided.

Property and equipment - Property and equipment is recorded at cost. Maintenance and repairs are charged to operations when incurred. Betterments and renewals in excess of $1,000 are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved and any gain or loss is included in operations. Depreciation is computed using the straight-line method over the following general range of estimated useful lives:

	Estimated Useful Lives
Leasehold improvements	1- 10 years
Furniture and equipment	5 - 7 years
Computer hardware	3 years
Computer software	5 - 7 years

(1) Organization operations and summary of significant accounting policies (continued)

Impairment of long-lived assets - Bridgeway accounts for long-lived assets in accordance with the provisions of SFAS No. 144, *Accounting for the Impairment of Long-Lived Assets*. SFAS No. 144 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of cost or fair value less costs to sell. No impairment charges were recorded for 2007.

Payable to providers - Bridgeway compensates providers for authorized healthcare services to covered beneficiaries. Bridgeway uses a variety of methods to estimate the amount payable to providers including authorizations for services to be provided, payments to be made under contract arrangements currently in force, and correspondence with significant providers to ascertain the level of care being provided to beneficiaries for which a claim has not yet been submitted.

The liability for payable to providers includes estimates of amounts due on reported claims and claims that have been incurred but were not reported as of September 30, 2007. Such liabilities represent Bridgeway's best estimate of amounts that are reasonable and adequate to discharge Bridgeway's obligations for claims incurred but unpaid as of September 30, 2007. Such estimates are, however, subject to a significant degree of inherent variability. The methods for making such estimates and for establishing the resulting liability are continually reviewed and adjustments are reflected in each period when necessary.

The estimate for unreported services payable is developed using methods based on historical experience. While management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and adjustments are reflected in each period when necessary.

Share of costs - Bridgeway's members covered under the ALTCS program who do not meet certain eligibility criteria are required to pay for a portion of the care they receive. AHCCCS reduces the contracted capitation rate with Bridgeway by the estimated amount of participant shared costs. After contract year end, AHCCCS analyzes the amount that Bridgeway should have received from members for share of costs. If Bridgeway receives more money from the participants in payment of their share of the costs than AHCCCS anticipated, Bridgeway reimburses AHCCCS for the difference. The share of cost payables are based off of the contract year which runs from October 1 to September 30. At September 30, 2007, Bridgeway had approximately $176,000 due to AHCCCS related to share of costs.

Share of cost payables are based on assumptions and estimates, and while management believes the payable is reasonable, the ultimate share of cost payment for the 2007 contract year may be less than or in excess of the amount estimated once AHCCCS completes the contract year reconciliations.

Healthcare service cost recognition - Bridgeway contracts with various at-risk providers for the provision of a full range of healthcare services to eligible members under fee-for-service agreements. Fee for service expenses are accrued as incurred.

Expense allocation - Certain direct, indirect and administrative expenses are incurred which benefit more than one member type or county. Such common expenses are allocated based upon an AHCCCS approved cost allocation plan as submitted by Bridgeway, which is primarily based upon enrollment, claims and costs by lines of business.

BRIDGEWAY HEALTH SOLUTIONS OF ARIZONA, LLC

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2007

(1) **Organization operations and summary of significant accounting policies (continued)**

Income taxes - Deferred tax assets and liabilities are recorded for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date of the tax rate change.

Valuation allowances are provided when it is considered more likely than not that deferred tax assets will not be realized. In determining if a deductible temporary difference or net operating loss can be realized, the Bridgeway considers future reversals of existing taxable temporary differences, future taxable income, taxable income in prior year carryback periods and tax planning strategies.

Payments from AHCCCS for ventilator dependent care and ALTCS care are subject to a premium tax of 2%. Total premium tax expense for the year ended September 30, 2007 was $855,797.

(2) **Contract performance bond**

In accordance with the terms of its contract with AHCCCS, Bridgeway is required to post a performance bond with AHCCCS equal to 80% of the first monthly AHCCCS payment to Bridgeway each fiscal year based on gross capitation payments, as specified in the contract. The amount of the bond is subject to adjustment as certain conditions change and its method of calculation is specified in the contract. The performance bond must be maintained to guarantee payment of Bridgeway's obligations under the contract. The performance bond requirement was $1,820,900 for 2007. In 2007, the performance bond requirement was met through the annual purchase of a surety bond.

(3) **Property and equipment**

Property and equipment consists of:	2007
Leasehold improvements	$ 166,233
Furniture and equipment	135,407
Computer hardware	92,548
Computer software	5,376
Total cost and donated value	399,564
Accumulated depreciation and amortization	(86,390)
Net property and equipment	$ 313,174

Depreciation and amortization expense charged to operations was $78,882 for 2007.

(4) Income taxes

Federal income tax returns are filed on a consolidated basis with Centene, and other subsidiaries. A provision for income taxes incurred (benefit) has been provided for under a separate return method. This results in each component company of the consolidated group showing tax expense (benefit) solely on the results of its own operations. Current taxes which would have been due on a separate company basis have either been paid to or will be paid to Centene. Deferred income tax assets and liabilities are computed based upon cumulative temporary differences in financial reporting and taxable income based on enacted tax law in effect for the year in which the temporary differences are expected to be recovered or settled. Deferred tax assets result from reserves established for financial statement purposes, but not deductible for tax purposes. Income tax benefits provided by the Company to the consolidated group as a result of utilizing operating losses will be reimbursed by Centene pursuant to a signed agreement between the companies. The income tax expense consists of the following for the year ended September 30, 2007:

	2007
Current provision (benefit):	
Federal	$ 1,124,888
State and local	-
Total current provision	1,124,888
Deferred provision (benefit)	(973,047)
Total provision for income taxes	$ 151,841

At September 30, 2007, the deferred tax assets consist primarily of amounts payable to providers which are not currently deductible for tax purposes.

The effective tax rate is different than the amount that would be computed by applying the United States corporate income tax rate to the income before income taxes. The differences for 2007 are due primarily to changes in the deferred tax assets associated with amounts payable to providers which are not currently deductible for tax purposes.

(5) Related-party transactions

Centene, CenCorp Health Solutions and affiliated companies provide administrative and other services to Bridgeway, including systems functions, accounts payable and payroll processing. Included in general and administrative expenses is a management fee to cover the costs of the administrative services provided by these affiliated companies. Management fees included in general and administrative expenses were approximately $2.1 million for the year ended September 30, 2007.

Amounts due to affiliated companies at September 30, 2007 primarily represent payroll and trade accounts payable, which are payable to Centene and subsidiaries.

Under the provisions of the contract with AHCCCS, distributions may be paid only with prior approval of AHCCCS. For the year ended September 30, 2007, no distributions were declared or paid.

Bridgeway contracted with NurseWise, an affiliated company wholly owned by CenCorp Health Solutions, to provide after hours nurse triage and call center services to eligible enrollees that are served under the AHCCCS contract. The Company paid NurseWise approximately $56,000 through a capitation payment for the year ended September 30, 2007 for these services. These amounts are included in medical expense in the accompanying statement of operations.

(5) Related-party transactions (continued)

US Script, an affiliated company wholly owned by CenCorp Health Solutions, provides pharmacy benefit management services to eligible enrollees. Bridgeway paid US Script approximately $640,000 for these services for the year ended September 30, 2007. Cla ims encounters are submitted to AHCCCS to substantiate these payments. These amounts are included in medical expense in the accompanying statement of operations.

Cenpatico Behavioral Health (Cenpatico), an affiliated company wholly owned by CenCorp Health Solutions, provides a network and manages the behavioral health benefits for eligible enrollees utilizing behavioral health services. Bridgeway paid Cenpatico approximately $100,000 for these services during the year ended September 30, 2007. These amounts are included in medical expense in the accompanying statement of operations.

OptiCare, an affiliated company wholly owned by CenCorp Health Solutions, provides a vision network and manages the vision benefits for eligible enrollees. Bridgeway paid OptiCare approximately $60,000 for these services during the first contract year. These amounts are included in medical expense in the accompanying statement of operations.

(6) Pension plan

Bridgeway participates in the retirement plan of its parent company, Centene. Centene has a defined benefit contribution plan which covers substantially all of its employees who work at least 1,000 hours in a twelve consecutive month period and are at least twenty-one years of age. Under the plan, eligible employees may contribute a percentage of their base salary, subject to certain limitations. Centene may elect to match a portion of the employees' contribution. Bridgeway's expense related to matching contributions to the plan was $48,686 during the year ended September 30, 2007.

(7) Commitments and contingencies

Operating Leases - Bridgeway leases office space in Arizona for their headquarters, various case management clinics and leases certain equipment. These operating lease agreements expire at various dates through July 2012. Certain operating leases contain escalation provisions. The rental expense related to these leases is recorded on a straight-line basis over the lease term, including rent holidays. The difference between rent expense and rent paid due to recording expenses on the straight-line method of approximately $12,000 at September 30, 2007 is included in accounts payable and accrued expenses in the accompanying balance sheet.

In the normal course of business, operating leases are generally renewed or replaced by other leases. Minimum future payments under these non-cancelable operating leases as of September 30, 2007 are as follows:

Years Ending September 30,		
2008	$	57,717
2009		57,217
2010		39,228
2011		32,400
2012		2,700
Thereafter		-
Total minimum lease payments	$	189,262

Rent expense for the year ended September 30, 2007 was approximately $176,000.

(7) Commitments and contingencies (continued)

Liability insurance - Bridgeway, through Centene, maintains professional and general liability insurance coverage under claims-made policies. Centene is insured for losses up to $10 million per claim and in the aggregate, with a self-insured retention of $1 million under its professional liability policy. Centene is insured for losses up to $1 million per claim and $2 million in the aggregate under its general liability policy. Bridgeway is also covered under an umbrella policy providing for professional and general liability coverage up to a $15 million per claim and in the aggregate. Claims reported endorsement (tail coverage) is available if the policy is not renewed to cover claims incurred but not reported. Bridgeway anticipates that renewal coverage will be available at the expiration of the current policy. Bridgeway participates in the above policy with its affiliates. Per claim and aggregate limits are applicable to all covered entities as a group.

Litigation - Bridgeway is routinely subject to legal proceedings in the normal course of business. While the ultimate resolution of such matters is uncertain, Bridgeway does not expect the results of these matters to have a material effect on its financial position or results of operations.

Healthcare regulation - The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. At September 30, 2007, Bridgeway was not a Medicare certified facility and did not derive any of its revenue from the provision of services to Medicare beneficiaries. Management believes that Bridgeway is in compliance with fraud and abuse laws and regulations, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future review and interpretation as well as regulatory actions unknown or unasserted at this time.

(8) Contract requirements

In accordance with its contract with AHCCCS, Bridgeway is required to maintain certain minimum financial reporting and viability measures.

Pursuant to its contract with AHCCCS, Bridgeway must meet a minimum capitalization requirement for each GSA bid as specified in the contract. The capitalization requirement is subject to a $5.0 million ceiling regardless of the number of GSAs awarded. At September 30, 2007, Bridgeway was in compliance with this requirement.

Bridgeway's contract with AHCCCS contains various quarterly financial viability standards and performance guidelines, including required minimum liquidity ratio, equity per member ratio, medical expense ratio, administrative cost percentages and received but unpaid claims days outstanding calculation. Bridgeway was not in compliance with certain performance guideline percentages. Bridgeway has approved variances in certain viability ratios to meet managed care community needs. Bridgeway has informed AHCCCS of the reasons for these variances and AHCCCS has not informed Bridgeway of any required corrective action.

Should Bridgeway be in default of any material obligations under its contract with AHCCCS, AHCCCS may, at its discretion, in addition to other remedies, either adjust the amount of future payment or withhold future payment until satisfactory resolution of the default or exception. In addition, although it has not expressed an intention to do so, AHCCCS has the right to terminate the contract in whole or in part without cause by giving Bridgeway 90 days written notice. Further, if monies are not appropriated by the state or are not otherwise available, the contract with AHCCCS may be cancelled upon written notice until such monies are so appropriated or available.

(9) Concentration of credit risk

Bridgeway currently holds a contract with AHCCCS to provide services through September 30, 2009 with a provision for two one-year extensions. Management expects the contract to be renewed through the respective renewal process. If the contract is not renewed, Bridgeway's operations would be materially impacted.